

Internal OK
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delivered. Central Fuel also was awarded the ash-disposal contract at \$20.75/st. The coal supply agreement began April 1, and can be renewed in an evergreen fashion, but St. Marys usually does not follow that pattern.

The coal will contain 12,200 Btu/lb, 5.9 lbs SO₂/MMBtu, 7% ash, 7% moisture and 2,100 degrees ash-fusion temperature.

Seminole Electric

Seminole Electric's board has completed its planned purchase of 960,000 short tons of coal, buying from Alliance Coal, which will supply tonnage that a utility spokesman said will be produced "predominately" at the Dotiki mine.

The coal will contain 12,350 Btu/lb, 3.2% sulfur, 9% ash and 11% moisture and will be delivered by CSX railroad from the mine to Seminole's power plant at Palatka, Florida.

The fact that the utility did not buy any petroleum coke off of the solicitation, issued in late March, "speaks for itself," the spokesman said, declining to say that petcoke was bypassed because of lingering high prices (PCT 3/28, CO 4/2).

Seminole could return to the market later this year for additional 2008 coal and/or petcoke, he said. In all, Seminole had taken bids on up to 2.04 million st for delivery in 2008 and 2009.

Western Fuels Association

Western Fuels Association is now reviewing bids received May 25 for as much as 26.9 million short tons of coal out of both the Powder River Basin 8,400-Btu/lb and 8,800-Btu/lb coalfields.

But more likely, considerably less than that will be purchased through WFA on behalf of five of its members: Basin Electric Power Cooperative; Tri-State Generation & Transmission; Sunflower Electric Power Cooperative; Sikeston, Missouri, Power & Light; and Kansas City Board of Public Utilities.

The 29.6 million st represents the all-utilities-included top-end total set out in the RFP. The potential tonnage is spread over five years, starting next year, when offers were asked on up to 2.8 million st of 8,400-Btu/lb coal and up to 2.8 million st of 8,800-Btu/lb coal; in 2009, the respective top-end potential tonnage numbers are 4.5 million st and 2.6 million st; in 2010, the numbers are 3.3 million st and 2.3 million st; in 2011, the numbers are 3.6 million st and 2.4 million st; and in 2012, the numbers are up to 500,000 st of 8,400-Btu/lb coal and up to 2.1 million st of 8,800-Btu/lb coal.

The potential total tonnage of 8,400-Btu/lb coal is 14.7 million st, and the potential total amount of 8,800-Btu/lb coal is 12.2 million st. The 8,400-Btu/lb coal will probably originate mostly on BNSF rail lines, while the 8,800-Btu/lb coal may originate either on BNSF or Union Pacific lines.

Basin Electric's power plant is the Laramie River Station; Tri-State's is the Springerville, Arizona, plant; Sunflower's station is at Holcomb, Kansas; Sikeston's is the Sikeston station; and Kansas City's plant is Quindaro.

For additional information, contact Muari Shreska at 303-254-3071, extension 2006.

NEW MINES

After long wait, UtahAmerican gains Lila Canyon permit

Seven years after it initiated the process, UtahAmerican Energy finally has received a mining permit from Utah regulators for the company's proposed 7 million short tons/year Lila Canyon underground mine.

The Utah Division of Oil, Gas and Mining issued the long-awaited permit May 18, about two months after the Robert Murray-owned company filed a petition for review before the Utah Board of Oil, Gas and Mining (PCT 3/16). The company had expected a permit to be issued March 8.

Murray Energy attorney Mike McKown told Platts May 24 that engineering work for the mine is under way and will continue. "UEI desires to begin construction of portions of the operation as soon as possible," he said. No precise timetable for the start of production was given, however.

McKown added that Lila Canyon "will be an economic boost to the citizens of Emery and Carbon counties."

Bruce Hill, UtahAmerican Energy president, CEO and director, has bitterly complained about the lengthy permit delays, saying every time a contentious issue was resolved, DOGM raised a new one "in an apparent attempt to unlawfully deny [UtahAmerican Energy] its permit."

The new mine is expected to employ more than 300 people.

NEW PLANTS

Draft EIS favors 1,500-MW Desert Rock plant on Navajo Nation land

The draft environmental impact statement for the Desert Rock coal-fired project has recommended constructing a 1,500 MW power plant in San Juan County, New Mexico, within the Navajo Indian Reservation.

The draft reviewed several alternatives to building a coal-fired facility, including natural gas, wind, solar or building a smaller 550-MW coal plant, but the authors found that the larger coal plant would provide consistent baseload generation more economically.

To support the 1,500 MW supercritical pulverized coal plant, a new surface mine producing an estimated 6.2 million short tons/year would be developed to provide coal for the 50-year life of the plant.

The recommendation is good news, according to Frank Maisano, spokesman for Desert Rock. The news follows the approval of a tax plan by the Central Consolidated School District and San Juan College and the signing of a memorandum of understanding on reducing emissions, he told Platts.